CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 7, 2004

H.R. 4600

Junk Fax Prevention Act of 2004

As ordered reported by the House Committee on Energy and Commerce on June 24, 2004

H.R. 4600 would amend current law and regulations relating to unsolicited advertisements sent via telephone facsimile machine. The bill would direct the Federal Communications Commission (FCC) to issue regulations to control unsolicited advertisement sent via telephone facsimile machine. It would require the FCC and the General Accounting Office to issue reports to the Congress on the effectiveness of these regulations. The FCC currently enforces laws relating to unsolicited advertisements, including assessing and collecting civil penalties for violations of such laws. (Civil penalties are recorded in the federal budget as revenues.) Based on information from the FCC, CBO estimates that implementing H.R. 4600 would not have a significant effect on revenues or spending subject to appropriation. Enacting the bill would not affect direct spending.

H.R. 4600 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

H.R. 4600 would impose private-sector mandates, as defined in the UMRA, on senders of unsolicited facsimile advertisements. The bill would require senders to include an opt-out notice that is clear, conspicuous, and on the first page. Such a notice would allow recipients to contact the sender to prevent them from sending unsolicited advertisements in the future. Additionally, the opt-out notice must include "a domestic contact telephone and facsimile machine number for the recipient to transmit such a request to the sender; and a cost-free mechanism for a recipient to transmit a request." The cost-free mechanism might include either a toll-free or a local telephone number.

Regulations passed by the Federal Communications Commission in July 2003 that are slated to take effect in January 2005 would require written permission from recipients prior to senders' transmission of any unsolicited fax advertisements. If this bill were enacted, it would eliminate the requirement to obtain written permission from customers but replace this requirement with the opt-out mechanism. Based on information from industry sources, CBO expects that the aggregate direct cost of mandates in the bill would be fully offset by savings from the bill and thus would fall below the annual threshold established by UMRA for private-sector mandates ($120 million in 2004, adjusted annually for inflation).

The CBO staff contacts for this estimate are Melissa E. Zimmerman (for federal costs), Sarah Puro (for the state and local impact), and Karen Raupp (for the private-sector impact). The estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.